

ISSUES

The Great Shift from Cash to Cryptos

By Matt McCall and Charlie Shrem March 12, 2021

TABLE OF CONTENTS



You may be an early investor in the altcoin boom – which is great because you’re in position to make the biggest profits – but you’re getting more company.

To all who have joined us here in *Crypto Investor Network*, we welcome you and congratulate you on a smart decision to make money in the revolutionary blockchain technology and the software programs – altcoins – that run on them.

But we’re talking about more than welcoming new members. We’re talking about the growing number of *companies* that are investing in cryptocurrencies. The list of corporations that have diversified their treasuries into bitcoin continues to grow as the great crypto awakening unfolds.

Square and MicroStrategy kicked off this corporate crypto movement last year when they purchased bitcoin to diversify their treasuries away from cash. This is a major shift. Corporations are starting to diversify away from cash, viewing it as a potential risk that needs to be mitigated.

In many ways, companies find themselves at a crossroads. Cash earns little to no interest right now, and with the possibility of higher inflation, that cash could decrease in value.

Bitcoin and altcoins are increasingly sought-after alternatives. They offer a potentially more secure and better way to lessen the risk of holding cash.

Just this week, we saw a few more international companies join the movement to buy cryptocurrencies instead of holding traditional currencies. Meitu, which is listed in

Hong Kong and makes image and video processing software, said it purchased \$17.9 million of bitcoin and \$22 million in Ethereum. The purchases were made under the terms of a board-approved cryptocurrency investment plan that allows the company to invest up to \$100 million.

This was incredibly significant. It marks the first time a company has disclosed a major purchase of Ethereum for its treasury. We are now seeing cryptocurrencies other than bitcoin being added.

Meitu's statement was also significant, as it shows awareness of cryptos not just as an alternative to cash but breakthroughs in and of themselves. The company said that buying crypto helps diversify its holdings away from cash, but "more importantly, the board considers this a demonstration to investors and stakeholders that the group has the vision and determination to embrace technological evolution, and hence preparing its foray into the blockchain industry."

Sounds like an awakening to us.

The other international business that moved into bitcoin is Aker ASA, a Norwegian holding company that is majority owned by billionaire Kjell Inge Røkke. It even announced a new company named Seetee, which will focus on investing in bitcoin-related projects and will hold all liquid assets in bitcoin. Part of Røkke's letter to shareholders read, "...we will build and invest in projects and companies in Bitcoin's ecosystem. This is where our true passion is!"

He went on to say: "I am particularly interested in micropayments and how these may enable us to avoid usernames, passwords, and our personal data being monetised with, and often without, our knowledge and consent."

Both examples demonstrate clearly that companies are not just making investment decisions for corporate treasuries... but they're increasingly recognizing the value of blockchain and cryptocurrencies as investments and for the world.

According to S&P Global, U.S. corporations held a record \$2.5 trillion in cash as of the end of last year. That's a huge amount of cash, and it doesn't even include international companies. We expect more and more businesses will add bitcoin and likely other top tier cryptocurrencies as alternatives to cash and strong investments in themselves.

Just look at what happened with Tesla, the eighth-largest company in the world by market cap. We mentioned last month that it bought \$1.5 billion worth of bitcoin to “further diversify and maximize returns on our cash.” One month later, that position is now worth \$2.7 billion.

To put that in perspective, Tesla generated \$10.74 billion in revenue in the fourth quarter. So its one-month gains in bitcoin represent nearly 10% of last quarter’s total revenue. That’s a pretty good addition to the balance sheet, wouldn’t you say? Especially compared to the basically \$0 the company would see from holding cash.

So far, Tesla is the only company among the 10 largest market caps that has made this move. But we think this trend is just beginning, so just imagine if – or more likely when – Apple, Microsoft, Alphabet, Facebook, and other *Fortune* 500 companies jump on board.

That amount of money involved is staggering, and it would have a huge impact not only on bitcoin but altcoins and the entire crypto space as well.

That’s why now is such a great time to invest.

Here Come the Banks...

We are also seeing major banks and investment firms continue moving into the space by participating in funding rounds of cryptocurrency companies seeking to raise money.

NYDIG, a leading technology and financial services firm dedicated to bitcoin, facilitated MassMutual’s \$100 million bitcoin buy last year. It recently raised \$200 million from a team of well-known investors that includes Stone Ridge Holdings Group, Morgan Stanley, New York Life, MassMutual, Soros Fund Management, and FS Investments. Past investors Bessemer Venture Partners and FinTech Collective also participated.

NYDIG CEO Robert Gutmann said the company “will be working with these firms on bitcoin-related strategic initiatives spanning investment management, insurance, banking, clean energy, and philanthropy.”

As we've said, the blockchain revolution is going to touch nearly every area our lives.

And An ETF Could Be Next

If you want to pick a catalyst that opens up bitcoin and cryptos to more investors – both institutional and individual – you couldn't do much better than exchange-traded funds (ETFs). The awakening is building here as well, and it should only be a matter of time before we have the first one in the United States.

The first bitcoin ETF in North America debuted in Canada three weeks ago on the Toronto Stock Exchange. Investors ate up the Purpose Bitcoin ETF, as it hit \$421 million in assets under management in just its first two days.

The next day, the Bitcoin ETF from Evolve Funds started trading, also on the Toronto Stock Exchange.

A third one is on the way. CI Global Asset Management announced that regulators have approved the final prospectus for the CI Galaxy Bitcoin ETF, and it will trade under the ticker "BTCX."

These are also significant developments. With three bitcoin ETFs listed in Canada, pressure mounts on the Securities and Exchange Commission (SEC) to approve one in the United States.

There is plenty of interest, but the SEC has so far rejected all applications. In fact, in August 2018, the SEC turned down nine bitcoin ETF proposals... in one day!

For the last eight years, the party line from the SEC has been concerns over volatility, manipulation, and proper oversight, which is ridiculous. The government just doesn't want to get involved in something it doesn't understand.

But as with all things crypto, this looks about to change.

President Biden has nominated Gary Gensler to be the next SEC chairman. A Senate committee has approved the nomination, and it should go to the full Senate for a vote

next week. Gensler is an interesting choice, especially for crypto investors. He is a professor at MIT who has taught a course on blockchain, so he clearly understands the technology and its applications.

ETFs provide yet another easy onramp for investors to participate in bitcoin and altcoins. We're moving closer to the first one in the U.S., and then in the next couple of years we could well see an altcoin ETF, too. That would be massively bullish for the space.

You can see demand increasing pretty much everywhere for cryptocurrencies. We started *Crypto Investor Network* to help you make money from the transformation that is only just beginning. Our portfolio is up a strong 330% since we started less than six months ago, and there is much more ahead as the awakening continues in the months and years to come.

Now, let's check in on the coins currently in our portfolio, starting with one that we're going to sell.

Updates on our Recommended Coins

Tron (TRX) came to life in mid-February, popping to a high above \$0.063 before dipping back below \$0.04. It has traded around \$0.05 here in March. It's an interesting coin that has doubled since we recommended it, but the headlines are increasingly stacked against it, so it's time to sell.

As we've talked about before, Tron is facing a \$70 million lawsuit related to its initial coin offering (ICO), and there is still concern that it could lead to SEC action against the Tron Foundation. Then, the crypto got into even more hot water recently when it was revealed that it was paying celebrities to post Tron-related tweets. This is a violation of U.S. securities regulations.

With this latest development, we think the road ahead could get bumpier. **We recommend you sell TRX.** Even though it has run into some trouble, it's still up just about 100% since our initial recommendation, which just illustrates the massive potential in altcoins. We may be able to circle back in the future when the dust settles,

but for now it is time to move on. We are already keeping an eye out for new opportunities to put that money back to work and will let you know as soon as we get the right one.

Electroneum (ETN) has been strong over the last month – up about 100% after peaking in mid-February, pulling back into the end of the month, and then finding buyers again here in March. It has easily outpaced bitcoin's 19% gain over the same timeframe.

A few weeks ago, Electroneum developers hinted that massive improvements are coming to the crypto's user interface and associated services. Nothing official has been announced yet, but the rumors indicate that great things are ahead. **Hold ETN as it trades above our \$0.009 limit.**

Polkadot (DOT) has climbed steadily in recent weeks, rallying from prices below \$20 in early February to its current level above \$35. The coin has powerful momentum behind it as it remains one of the hottest cryptos out there – with market action even stronger than bitcoin.

The strength comes as multiple Polkadot-related news stories have made headlines. Here are just some of the highlights:

- A decentralized asset insurance protocol called Shadows Network will be built on the Polkadot blockchain, and it's already raised \$1.64 million in funding.
- IOST and Polkadot have developed a cross-chain interoperability platform that connects the two blockchain ecosystems.
- Artist Logan Paul sold \$3.5 million worth of art using Polkadot-based technology... in just 24 hours!
- Tidal, a decentralized Polkadot-based insurance protocol, raised \$1.8 million.

Those are just a few of the many positive headlines over the last month that show how Polkadot has become one of the hottest hubs for blockchain development and innovation. Numerous businesses are launching on top of it as a result. That makes this coin one of the most promising cryptos in the market right now, so **continue to hold DOT for its long-term upside.**

Stellar Lumens (XLM) was our only coin to pull back over the last month. It hit a high above \$0.60 on February 13 – just as bitcoin neared \$60,000 – and has steadily declined since. But things aren't quite so bleak on the news front...

Stellar has officially launched Horizon 2.0, which includes an enhanced version of Stellar Core called Captive Core. Its developers claim that this new platform has massive architectural and performance advantages over the previous version and that it will greatly benefit the developers and enterprises that use the Stellar blockchain. These powerful new tools should only increase further adoption.

The fact that Stellar has near instantaneous blocktimes and close to zero fees makes it a very attractive option relative to other cryptocurrencies – especially considering transaction fees for popular coins like bitcoin and Ethereum have risen dramatically. This is just one more reason to own Stellar for future profits. **XLM is a great buy as long as it's trading below \$0.50.**

Uniswap (UNI) is another one of the hottest cryptos in the space right now. It's up more than 40% over the last month as its price has risen from \$20 to \$30. The coin's strength is not surprising given that Ethereum hit an all-time high above \$2,000 in mid-February, as Uniswap is one of the main hubs of activity on the larger crypto's network.

Specifically, Uniswap is one of the most popular decentralized exchanges (DEXs), with total value locked in excess of \$3.5 billion. In fact, it has become the first DEX to have 24-hour volume in excess of \$100 billion.

That makes Uniswap the top place for investors to trade tokens on the Ethereum blockchain. New projects are constantly launching their tokens on it as well. As the Ethereum ecosystem and decentralized finance (DeFi) sector continue to gain steam, we expect Uniswap will continue to rise as well. **Hold UNI.**

The Next Big Thing In Cryptos

If you follow cryptocurrency news at all – heck, even the regular financial news – you have almost certainly heard about NFTs.

In fact, you probably also heard about the digital piece of art that sold this week for \$69.3 million. It is an NFT.

NFT is short for non-fungible token, and they are fast becoming the hottest thing in cryptos. They are early in their growth cycle, and growth potential is off the charts.

So what the heck is a non-fungible token?

Fungible means replaceable, or interchangeable. A fungible token is not unique. For example, bitcoin is fungible. One is the same as every other.

NFTs are not fungible. They are digital assets that are unique. One is not the same as every other. They cannot be replicated, counterfeited, inflated, or anything else.

Take the Porsche Macan Matt bought last summer. Yes, there are other Macans on the road. Some may even be identical in terms of color, features, etc. BUT... each has its own vehicle identification number (VIN). That makes his particular Macan non-fungible. It is one of a kind.

Or think of a natural asset like diamonds. A diamond may be the same cut and weigh the same amount of carats, but each one is unique with coloring, markings, etc. Like snowflakes, no two are the same.

NFTs are just now beginning to take off. If this were a baseball game, the pitcher would still be warming up and we wouldn't have sung the national anthem yet.

Throughout their history, there have been more than \$420 million worth of NFTs sold.

In the past month, there have been almost \$207 million worth sold.

Nearly half – 49% – of all NFT sales (in dollars) have come in the last month.

That gets us to more than \$2 billion projected sales here in 2021 based on the monthly run rate. But... that rate is going through the roof, and we believe it will be much higher.

NFTs could have practically limitless applications, but so far four are emerging with the biggest potential:

DeFi: Real-world assets can be turned into NFTs and used for financial purposes. For example, Matt could sell partial ownership of his Porsche through NFTs and basically earn interest.

Collectibles: Trading cards, videos, pictures, etc. Did you hear about NBA Top Shot? It's a digital collectibles platform that sold more than 10,000 packs of basketball videos for more than \$1 million. Videos! Through NFTs, people basically bought the rights to specific videos.

Digital art: The overall art market is estimated at \$70 billion a year. But get this... fake art sales are believed to make up 20%-50% of that. That's huge. Digitizing the art ownership through NFTs could dramatically cut fraud because the tokens are on the blockchain. That guarantees that they are genuine.

Gaming: This is the biggie. The total addressable market (TAM) – or just how big this could be – is more than \$200 billion. Gamers can basically monetize their own creations, whether it be a whole alternative universe, a new weapon, or a cute little animal. No middleman either. You get paid directly for what you create.

This is just the latest spark in the fuse being lit under the altcoin market. And this fuse will set off one of the largest explosions of wealth in modern history. That's why we're here.

As we've said before, altcoins are not "fantasy internet money." They are investments in one of the most valuable, most revolutionary technologies ever created – blockchain.

Yes, blockchain is a virtual ledger, but that doesn't convey its true potential. To do that, we need to think of blockchain technologies as extremely valuable software programs. In the case of NFTs, it opens up practically limitless possibilities to sell ownership in goods and services... and to do it safely, securely, and quickly, without any middleman corporation involved.

More and more real-world assets and transactions are moving onto the blockchain. This is the Great Awakening we've talked about.

We are heading toward not only a digital world but a tokenized world. Sending money anywhere will take seconds and cost mere pennies. Buying a home will take days, not

weeks – and the transaction will cost a small percentage of what it does today. Even tracking a vaccine from the time it was created to the needle going into your arm will be done on the blockchain.

This awakening continues to unfold, creating a once-in-a-lifetime financial windfall for smart investors like you who recognize the opportunity and act today.

We're thrilled to help guide you on this journey. There is a long way to go and a lot of money to be made.

Sincerely,



Matt McCall
Editor
Crypto Investor Network



Charlie Shrem
Editor
Crypto Investor Network